County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

March 29, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE ON HOUSE PASSAGE OF FEDERAL FISCAL YEAR 2013 BUDGET RESOLUTION

On March 29, 2012, the House passed H. Con. Res. 112, a Federal Fiscal Year (FFY) 2013 budget resolution, which would reduce projected Federal spending over the next ten years by more than $4 trillion on a 228 to 191 vote. No Democrats voted in favor of the resolution, and only ten Republicans voted against it. Before passing the budget resolution, which was approved by the House Budget Committee last week, the House rejected six alternative budget plans by wide margins.

<u>H. Con. Res. 112 does not have any chance of being adopted. In fact, Senate Majority Leader Reid has indicated that the Senate will not pass any budget resolution this year.</u> The biggest impact of the House budget resolution is that its overall FFY 2013 discretionary spending limit of $1.028 trillion will be used by House appropriators in drafting FFY 2013 appropriations bills while Senate appropriators will use the higher $1.047 trillion spending limit enacted under the Budget Control Act (BCA) of 2011. As reported in the March 22, 2012 Washington, D.C. Update on the FFY 2013 budget resolution, this increases the likelihood that Congress will enact few, if any, FFY 2013 appropriations bills before FFY 2013 begins and that Congress, instead, will have to enact a Continuing Resolution to temporarily fund Federal operations and programs until after the November elections when it will return for a "lame duck" session.

Also, as previously reported, most of the spending reductions in the House budget resolution would come from repealing the 2010 health care reform law, converting the current open-ended Medicaid entitlement into a state block grant in which Federal funding would be capped at a lower level, reducing Medicare and other mandatory spending, including by converting the Supplemental Nutrition Assistance Program into a state block grant, and reducing net Federal debt service payments.

The budget resolution also would replace the BCA-mandated sequestration spending reductions with budget reconciliation instructions to further reduce mandatory program spending. Under the BCA, sequestration cuts would be divided equally between defense and non-defense spending. Replacing the sequestration cuts with deeper cuts in mandatory spending most likely would reduce Federal revenue to the County. This is because the County receives most of its Federal revenue from low-income entitlement programs, such as Medicaid, Temporary Assistance for Needy Families, and Title IV-E Foster Care and Adoption Assistance, which are exempt from sequestration cuts, but would be subject to mandatory spending cuts.

We will continue to keep you advised.

WTF:RA
MR:MT:sb

c: All Department Heads
Legislative Strategist